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Diana T Fritz 05/24/2007 04:56:31 PM From DB/Inbox: Search Results

Cable  
Text:

CONFIDENTIAL

SIPDIS  
TELEGRAM

March 05, 2003

To: No Action Addressee  
Action: Unknown  
From: AMEMBASSY ABU DHABI (ABU DHABI 1086 - UNKNOWN)  
TAGS: EPET, PGOV, BEXP, ENRG, ECON  
Captions: None  
Subject: (C) ABU DHABI OVERPRODUCING QUOTA BY 200,000 B/PD, BUT  
STILL HAS EXCESS CAPACITY OF 400-450K B/PD  
Ref: None

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C O N F I D E N T I A L ABU DHABI 01086

SIPDIS  
CXABU:  
ACTION: ECON  
INFO: P/M AMB DCM POL  
Laser1:  
INFO: FCS

DISSEMINATION: ECON  
CHARGE: PROG

APPROVED: DCM:RAALBRIGHT  
DRAFTED: ECON:TEWILLIAMS  
CLEARED: NONE

VZCZCADI677  
OO RUEHC RUEHHH RUEHDE RUCPDOC RHEBAAA  
DE RUEHAD #1086 0641306  
ZNY CCCCC ZZH  
O 051306Z MAR 03  
FM AMEMBASSY ABU DHABI  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 8702  
INFO RUEHHH/OPEC COLLECTIVE PRIORITY  
RUEHDE/AMCONSUL DUBAI PRIORITY 2842  
RUCPDOC/USDOC WASHDC  
RHEBAAA/USDOE WASHDC

C O N F I D E N T I A L ABU DHABI 001086

SIPDIS

DEPT FOR NEA/RA, NEA/ARP, INR/EC, EB/IEP, EB/CBA  
USDOE FOR INT'L AFFAIRS -- COBURN, ALSO CALIENDO  
USDOC FOR 4520/ITA/IEP/ONE  
USDOC FOR 4530/ITA/MAC/ONE/DGUGLIELMI  
4500/ITA/MAC/DAS/WILLIAMSON  
3131/CS/OIO/ANESA

E.O. 12958: DECL 03/05/13

TAGS: [EPET](#) [PGOV](#) [BEXP](#) [ENRG](#) [ECON](#) [TC](#)

SUBJECT: (C) ABU DHABI OVERPRODUCING QUOTA BY 200,000 B/PD,  
BUT STILL HAS EXCESS CAPACITY OF 400-450K B/PD

[1](#)1. (U) Classified by DCM Richard A. Albright for reasons  
1.5 (B) and (D).

[1](#)2. (C) A western oil executive in an excellent  
position to know told Econchief March 5 that he  
believes that the Abu Dhabi National Oil Company

(ADNOC) is overproducing the UAE's 2.14 million barrel per day (bpd) OPEC quota by as much as ten percent, i.e., around 200,000 bpd. This statement tracks with an earlier private admission to Econchief by the number two official at ADNOC that Abu Dhabi's senior oil policy organization, the Supreme Petroleum Council (SPC), had issued instructions at the turn of the year for ADNOC to ramp up output to take advantage of high prices -- a move driven both by an ongoing budget crunch resulting from low returns on the government's portfolio investments, as well as concern that oil prices might drop considerably in a post-Iraq contingency environment.

¶3. (C) Our western oil source said that at current rates of production (i.e., ten percent over quota or around 2.3 million bpd) Abu Dhabi could probably increase sustainable output by as much as 450,000 bpd. It would not take much time to reach that level of output, but it would require direction from the senior-most leadership -- the SPC, or better yet, President Zayid himself -- because to reach such a level ADNOC would need to relax environmental guidelines and a number of other internal rules limiting output per field and per well, scheduling of maintenance, etc. The most significant hurdle to be overcome would be to temporarily lift the ban on flaring of gas because while ADNOC can produce the oil without difficulty, the local gas processing company, GASCO, will not have the capacity to absorb the additional associated gas that would result from a ramp up in crude production.

¶4. (C) COMMENT: We believe our source is in a position to know Abu Dhabi's current spare capacity and would find his number of 450k barrels per day generally credible, if a bit on the conservative side.

WAHBA